



July 15, 2019

Shona Marshall  
Public Service Commission  
861 Silver Lake Blvd.  
Cannon Building, Suite 100  
Dover, Delaware 19904

**RE:                In the Matter of Inspire Energy Holdings, LLC for A Certificate to Provide  
Electric Supply Services within the State Of Delaware (Submitted April 10,  
2019) - PSC Docket No. 19-0218**

***Response to Staff's May 31, 2019 Deficiency Letter***

Dear Ms. Marshall,

Inspire Energy Holdings, LLC ("Inspire") received and reviewed staff for the Delaware Public Service Commission's ("Commission") May 31, 2019 deficiency letter. Below is Inspire's response, wherein we supply the additional requested information or direct the Commission to separately filed amended exhibits. All of the supplemental information filed is verified by the included verification.

Please do not hesitate to contact me if you have any questions regarding Inspire's application.

Thank you,

  
\_\_\_\_\_  
Aaron Jacobs-Smith  
Corporate Counsel  
(831) 359-5444  
ajacobs-smith@helloinspire.com

### **Section 2.2.19 Retail Experience**

Officer resumes. Inspire updated all professional resumes to include a summary of the duties. Updated resumes are attached as Exhibit 8.

2018 complaint trends. Regarding complaints filed against Inspire, the Staff first asks for an explanation for the rise in complaints in 2018, and a description of any measures taken in response to these complaints. In short, complaints rose due to a large increase in sales volume. Inspire has enjoyed rapid growth since its founding in 2014. [REDACTED]

[REDACTED] Nonetheless, as evidenced below, Inspire is always looking for opportunities to reduce complaint volume by improving the sale experience with efforts that include process reforms and technological advancements.

Complaint mitigation policies. Regarding measures taken to address complaints, Inspire continually invests in new controls and practices to improve sales quality and reduce complaints. Inspire developed a text message-based third-party verification (“TPV”) system, which can be used to verify sales much like a voice TPV. This new control has proven effective. It currently is used to verify all Illinois event and retail sales, as well as sales in select markets, and will be available for use in Delaware.

To improve the voice TPV system used to verify all door-to-door sales, Inspire instituted a control that flags all TPV calls made to a non-fixed voice-over-IP (“VOIP”) phone number. These flagged sales are then reviewed by a member of our sales quality team to confirm the validity of the sale. This control was adopted to address a vulnerability found in most TPV systems — not an issue unique to Inspire’s controls — where a sales representative could use a Skype or Google Voice number to complete a TPV call, diverting the call from the customer to this alternative number, in violation of Inspire’s rules and procedures. With this VOIP control in place, any sale that is attempted to be verified with a TPV call to a Google Voice or Skype is flagged for review by a member of our sales quality team.

Additionally, Inspire has increased sales representative training and oversight. After sales representatives complete their initial training and become certified to market for Inspire, at least once a quarter an Inspire sales quality team member will host a workshop to review state-specific sales requirements and best practices. Inspire has also expanded its sales quality team so that it can more regularly conduct field audits, including secret shopping to monitor those selling in retail and events locations. Given Inspire's strong focus on sales quality and the robust quality program in place, we are confident that we have the controls and processes needed to maintain high sales quality.

2018 complaint records. Attached as Exhibit 19 is a record of all 2018 complaints filed with a utility commission or attorney general and served on Inspire. Included are the initial notices we received, as well as our responses. [REDACTED]

[REDACTED]

Invalid sales. Staff asks how many internal investigations resulted in invalid sales in 2018. Inspire completed 132,940 sales in 2018. [REDACTED]

[REDACTED]



### **Section 2.1.6 Verification of Application**

Attached is a signed, sworn statement of verification for the supplemental information provided herein.

### **Sections 6.0, 7.0, 8.0 Contracts**

Attached as Exhibit 17 are contracts for Small Commercial customers. Attached as Exhibit 16 are updated residential contracts, reflecting the updates described below.

Early termination fees can vary based on the value-add components of the offering. For instance, an offering that provides a thermostat at no upfront cost may have a larger termination. In the contracts provided, a bracketed placeholder appears, which is populated with the proper fee amount at the point of sale. Most commonly, the termination fee is \$10 for each month remaining in the contract term. Termination fees are always disclosed to customers at the point of sale, confirmed during any TPV, and are clearly disclosed in the customer contract.

Regarding the Right to Rescind, Inspire added to all contracts, “There shall be a rebuttable presumption that a Contract and Contract Summary correctly addressed to a Residential or Small Commercial Customer with sufficient first class postage attached shall be received three (3) days after it has been properly deposited in the United States mail.”

Staff requests that Section 7, Cancellation Provisions, include “a separate paragraph on cancellation due to relocation that complies with the Supplier Rules.” The Fixed and Subscription contracts already contain the disclosure, “However, if you move outside of your EDC’s service territory, you may cancel this agreement with no termination fee.” Inspire added this disclosure to the Variable Rate Contract and moved it to a standalone paragraph.

Inspire updated Section 13, Contact Information/Customer Complaints/Dispute Procedure, to include full contact information for the DE PSC and the DE DPA.

Inspire updated Section 21, Customer Information Release Authorization, of the Subscription Price and

Variable Rate contracts to match the Fixed Rate Contract. Under Section 21, Customer Information Release Authorization, all contracts now conclude with the proviso, “Inspire reserves the right to cancel this Agreement on thirty (30) calendar days’ notice in the event Customer rescinds such authorization.”

Inspire updated the Section 6 of the Fixed Rate Contract to match Section 6 of the Subscription Price Contract. Both now properly reference Section 10, where the terms of renewal are outlined. Inspire updated Section 10 in both contracts with full variable price plan disclosures, including references to how a customer can access historical and future pricing.

Regarding the Variable Rate Contract, staff requests that the Price Structure and Variable Price sections be updated based on Supplier Rules: 6.2.2.3.2.3, 6.2.2.3.2.4, and 6.2.2.3.2.5. Inspire updated its disclosure on historical pricing under Price Structure, Variable Price, and Section 10 of the Fixed and Subscription contracts describing renewals. The update provides additional detail on the type of historical pricing information disclosed, where it will be posted, [www.helloinspire.com/de/rate-disclosure](http://www.helloinspire.com/de/rate-disclosure), as well as how to access upcoming pricing. Note, the website will go live once Inspire is licensed and before marketing begins. Inspire updated the Price Structure section with the disclaimer, “Historical pricing is not indicative of present or future pricing.” This disclaimer is already found in Section 5, Variable Price.

## **Section 2.6 Public Notice**

Evidence of public notice is attached as Exhibit 18.

### **Section 2.2.19 Retail Experience**

Officer resumes. Inspire updated all professional resumes to include a summary of the duties. Updated resumes are attached as Exhibit 8.

2018 complaint trends. Regarding complaints filed against Inspire, the Staff first asks for an explanation for the rise in complaints in 2018, and a description of any measures taken in response to these complaints. In short, complaints rose due to a large increase in sales volume. Inspire has enjoyed rapid growth since its founding in 2014. Over the course of 2018, our membership nearly doubled, growing from 76,203 to 134,162, a 76% increase. While complaints did rise in 2018, complaints as a share of active accounts remained extremely low. Complaints as a share of total membership was 0.06% in 2017 and 0.08% in 2018. Nonetheless, as evidenced below, Inspire is always looking for opportunities to reduce complaint volume by improving the sale experience with efforts that include process reforms and technological advancements.

Complaint mitigation policies. Regarding measures taken to address complaints, Inspire continually invests in new controls and practices to improve sales quality and reduce complaints. Inspire developed a text message-based third-party verification (“TPV”) system, which can be used to verify sales much like a voice TPV. This new control has proven effective. It currently is used to verify all Illinois event and retail sales, as well as sales in select markets, and will be available for use in Delaware.

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complete their initial training and become certified to market for Inspire, at least once a quarter an Inspire sales quality team member will host a workshop to review state-specific sales requirements and best practices. Inspire has also expanded its sales quality team so that it can more regularly conduct field audits, including secret shopping to monitor those selling in retail and events locations. Given Inspire's strong focus on sales quality and the robust quality program in place, we are confident that we have the controls and processes needed to maintain high sales quality.

2018 complaint records. Attached as Exhibit 19 is a record of all 2018 complaints filed with a utility commission or attorney general and served on Inspire. Included are the initial notices we received, as well as our responses. In the spirit of full transparency, Inspire is further disclosing the fact that in 2018, the Massachusetts Department of Public Utilities ("DPU") conducted an informal review of Inspire's sales practices. The review was initiated in September 2018 following a single complaint for deceptive sales tactics — at that time, year-to-date, Inspire had received only one other DPU complaint. As is its standard practice, the DPU requested that Inspire suspend door-to-door marketing during the review. The review itself was largely a study of Inspire's programmatic efforts to comply with DPU regulations, focused on how we train sales representatives, hold them accountable, and the types of quality controls we have in place. After offering detailed descriptions of our sales quality program, the review concluded without any penalties or demands that Inspire make any internal reforms. Attached as Exhibit 20 is the DPU letter closing its inquiry. Inspire was not alone in being subject to a review. Reportedly, the DPU conducted over ten informal supplier reviews in 2018, some of which did result in the imposition of additional sales quality requirements. These reviews are not subject to public records requests.

Invalid sales. Staff asks how many internal investigations resulted in invalid sales in 2018. Inspire completed 132,940 sales in 2018. Our internal review process identified 153 sales as potentially invalid. Of those sales, Inspire identified 26 that were the result of intentional slamming, perpetrated by 20 separate representatives. All 20 representatives were banned from any further sales for Inspire. As for the remaining 127 invalid sales, Inspire did not find evidence of intentional slamming. Generally, these are instances where a valid enrollment was completed, but the wrong account was ultimately enrolled. Most of these incidents were attributed to representatives selecting the wrong account from our eligible customer list lookup tool, used in Pennsylvania. Once this issue came to our attention, we turned off that lookup functionality to avoid further such invalid enrollments.

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## **Section 2.6 Public Notice**

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Attachment A  
**VERIFICATION**

STATE OF TEXAS )  
 ) SS  
COUNTY OF Dallas )

On this 15th day of July, 2019, personally came before me, the subscriber, a Notary Public in and for the state and county aforesaid, **Patrick Maloney** as the **CEO of Inspire Energy Holdings, LLC**, known to me personally to be such or having presented to me satisfactory evidence of identity, and acknowledged this document to be his act and deed and the act and deed of such **Limited Liability Company**, that the signature of such individual is in his own proper handwriting, and that the facts set forth in this application are true and correct to the best of his knowledge, information, and belief.

Patrick Maloney

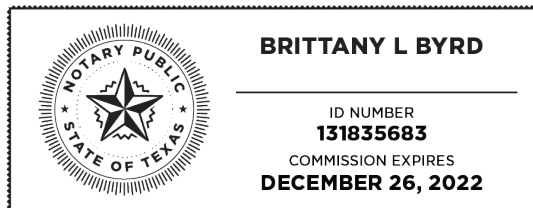
Signature of individual

Printed Name: Patrick Maloney

**SIGNED AND SWORN (OR AFFIRMED)** before me on this 15 day of July, 2019, by Patrick Maloney (name of individual who signed above).

Brittany L Byrd

Signature of Notarial Officer



Electronic Notary Public  
Title (e.g., Notary Public)

My Commission Expires: December, 2022

Notarized online using audio-video communication

Attachment B

**Attestation of Submission of Confidential, Proprietary, and Privileged Material Per 26 Del. Admin. C. § 1001-1.11**

I, Patrick Maloney, CEO of Inspire Energy Holdings, LLC ("Inspire"), do hereby attest, under penalty of perjury that redacted portions of Inspire's response under Section 2.2.19 and Exhibits 19 and 20 are 1) not a "public record" as defined by 29 Del. C. § 10002(l) because they contain confidential financial information and competitively sensitive trade secrets; and 2) is not subject to inspection by either the public or by other parties unless an appropriate proprietary agreement is executed.

As such, I request that the Delaware Public Service Commission accord confidential treatment to the redacted portions of Inspire's response under Section 2.2.19 and Exhibits 19 and 20 in accordance with 26 Del. Admin. C. § 1001-1.11.

In compliance with 26 Del. Admin. C. § 1001-1.11.3, I have submitted, attached to this Attestation, for filing a copy of the document described above without the confidential information, with an indication that the claimed confidential information has been deleted.

Execution Date: July 15th, 2019

Patrick Maloney

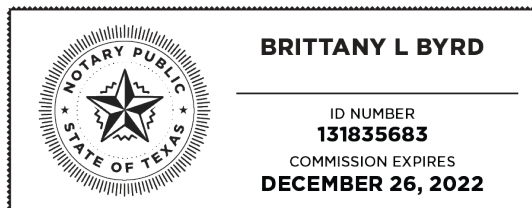
Patrick Maloney, CEO

STATE: TEXAS  
COUNTY: Dallas

Sworn to and subscribed before me on 07/15/2019 by Patrick Maloney.

Brittany L Byrd

NOTARY NAME: Brittany L Byrd



My commission expires: 12/26/2022

Notarized online using audio-video communication